

Comptroller General of the United States

Washington, D.C. 20648

# **Decision**

Matter of: Teledyne Brown Engineering

F11e: B-258078; B-258078.2

Date: December 6, 1994

Harvey G. Sherzer, Esq., Scott Arnold, Esq., and Brian A. Darst, Esq., Howrey & Simon, for the protester.
William L. Walsh, Jr., Esq., James F. Worrall, Esq., and Wm. Craig Dubishar, Esq., Venable, Baetjer and Howard, for Tracor Flight Systems, Inc., an interested party.
Vera Meza, Esq., and James J. McGroary, Esq., Department of the Army, for the agency.
Paul E. Jordan, Esq., and Daniel I. Gordon, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

# DIGEST

- 1. Protest that agency improperly applied unstated evaluation criterion by assessing one particular aspect of offerors' experience is denied where the criterion was encompassed by the solicitation criteria concerning the relevant experience of offerors and subcontractors.
- 2. Protest that agency failed to consider information in protester's proposal concerning subcontractors' manufacturing processes is denied where record establishes that agency considered protester's proposal submissions and reasonably evaluated this area as warranting less than a maximum score.
- 3. In evaluation of protester's performance risk, where protester had already submitted its explanation of why a prior contract was terminated and the solicitation advised offerors that agency could consider input from other government sources, agency determination not to obtain further rebuttal from the protester was reasonable and did not violate agency's obligation to conduct meaningful discussions.
- 4. Award to offeror who submitted higher-cost, higher technically rated proposal is not unreasonable where solicitation evaluation scheme gives greater weight to technical merit than to cost. Where source selection authority considered all evaluation criteria in reviewing

offerors' proposals, ultimate focus on offerors' experience as key discriminator is unobjectionable and does not evidence that agency gave undue emphasis to one evaluation factor.

# DECISION

Teledyne Brown Engineering protests the award of a contract to Tracor Flight Systems, Inc. under request for proposals (RFP) No. DAAH01-93-R-0091, issued by the U.S. Army Missile Command, for the production of target vehicle airframes and associated engineering services, technical publications, spares, and options. Teledyne contends that the agency placed inappropriate emphasis on an unstated evaluation criterion and that this emphasis resulted in an improper award determination.

We deny the protest.

The RFP, issued February 26, 1993, sought proposals to supply 93 MQM-107E target vehicle airframes for the Air Force and Army, related technical publications, and an estimated 14,000 man-hours of engineering services. The RFP contemplated award of a firm, fixed-price contract for the target vehicles, first article testing, spares, and technical publications, and a cost-plus-fixed-fee contract for the engineering services.

The RFP advised offerors that proposals would be evaluated in five areas: technical, management, schedule, cost, and performance risk. The technical factor was slightly more important than cost, and cost was significantly more important than the other three, which were equal in importance. The technical factor was further divided into 10 subfactors: (1) engineering capabilities,

- (2) manufacturing processes, (3) understanding the technical data package (TDP), (4) relevant experience,
- (5) qualifications for quality assurance programs,(6) production plan, (7) subcontractor experience,
- (8) direct contract hour (DCH) composition, (9) engineering services/technical publications experience, and
- (10) understanding of DCH requirements as reflected in labor mix and technical approach. Subfactors 1-4 were equal in weight and twice as important as subfactors 5-10, which also were equal in weight. Proposals were evaluated on the

The MQM-107E is a remote controlled airplane that operates as a ground-launched, variable speed target used for ground-to-air and air-to-air weapon system evaluation and training exercises. The aircraft can carry a variety of payloads, including radar and infrared augmentation devices and scoring systems, as well as tow gunnery target devices.

following adjectival scale: poor, fair, good, very good, and outstanding. Award was to be made to the responsible offeror whose proposal provided the best value to the government. Consequently, the RFP advised that award could be made to other than the offeror with the lowest evaluated cost.

Five offerors, including Teledyne and Tracor, submitted proposals by the November 8, 1993, closing date. All proposals were evaluated by a technical evaluation committee and determined to be in the competitive range by the contracting officer. After discussions and submission of revised proposals, the offerors submitted best and final offers (BAFO). Due to a shortfall between available funds and the proposed cost of the tentatively selected offeror, the agency reopened discussions and obtained a second BAFO from each offeror on July 1, 1994.

In the final evaluation, Tracor's proposal was rated second highest technically and had the second lowest evaluated cost. Teledyne's proposal was rated third technically and had the lowest evaluated cost. After reviewing the merits of the various proposals, the source selection authority (SSA) determined that Tracor's proposal represented the best value to the government. While the proposal of a third offeror, the incumbent manufacturer of the MQM-107E, was rated highest technically, the SSA determined that its technical advantage was not worth the associated \$13 million plus in additional cost. The SSA determined, however, that the technical advantage of Tracor's proposal did justify its \$1.9 million higher cost over Teledyne's proposal. July 25, the Army awarded Tracor the contract for \$42,963,211. After a debriefing, Teledyne filed this protest.

### EVALUATION CRITERIA

During its debriefing, the Army advised Teledyne that one of its proposal disadvantages was a lack of experience in "self-propelled, free-flying, maneuvering aerial targets

The ratings represented the level of the government's "confidence that the offeror will perform in an effective and efficient manner." Accordingly, a "good" rating meant the government "expect[ed]" efficient and effective performance; a "very good" rating meant "reasonable confidence" of effective and efficient performance; and "outstanding" meant "complete confidence" in such performance.

comparable to the MQM-107E in complexity." Teledyne argues that this represents an undisclosed evaluation oriterion. We disagree.

Solicitations must inform offerors of the basis for proposate valuation, and the evaluation must be based on the factors set forth in the solicitation. Federal Acquisition Regulation §§ 15.605(e), 15.608. However, while agencies are required to identify the major evaluation factors, they are not required to identify all areas of each factor which might be taken into account, provided that the unidentified areas are reasonably related to or encompassed by the stated criteria. Avogadro Energy Sys., B-244106, Sept. 9, 1991, 91-2 CPD ¶ 229. Here, the Army's consideration of the challenged experience is consistent with the stated evaluation criteria.

Section M of the RFP provided that the technical factor would be evaluated on the basis of various subfactors including relevant experience and subcontractor experience. Section L provided that proposals must furnish evidence of the "degree of recent and relevant past technical experience and capability of airframe manufacturing and production, engineering services, spares and technical publications," as well as the "technical experience and technical capability of the proposed subcontractors," Evaluation of "relevant" experience plainly encompassed the degree of experience, or lack thereof, with items that are the same as or closely related to the MQM-107E, which the Army describes as a "self-propelled, free-flying, maneuvering aerial target" (a description not disputed by Teledyne). Thus, while the stated subfactors do not use the quoted language, such experience is encompassed by those subfactors. The agency properly considered Teledyne's and its subcontractors' lack of such experience in the evaluation, and the greater experience of Tracor and its subcontractors.

Teledyne next argues that it was improper for the Army to consider the offerors' experience under subfactors other than those specifically identified as concerning experience. Where an RFP lists a number of evaluation factors of stated importance, a single one cannot be accorded more than the weight prescribed in the RFP's evaluation methodology by the repeated consideration of the same factor in conjunction with the other major factors, i.e., it is improper to double or triple count the importance of a single listed factor.

J.A. Jones Management Servs., Inc., B-254941.2, Mar. 16, 1994, 94-1 CPD ¶ 244.

Here, however, the fact that the offerors' experience was mentioned in the evaluation of various technical subfactors does not mean there was an improper, multiple consideration of that experience, because experience was a legitimate

consideration under each of those subfactors. For example, corporate and personnel experience is relevant and reasonably related to the degree of the offeror's understanding of the TDP, as well as the adequacy of an offeror's engineering capability. Specifically, Teledyne takes issue with the agency considering Tracor's experience on other, apparently similar programs under the subfactor concerning the offeror's understanding of the DCH requirements (labor mix and technical approach) when the immediately preceding subfactor specifically concerns the adequacy of education, training, and experience of all DCH for engineering services and technical publications. From our review of the evaluation, the agency did not double count Tracor's experience. As to education, training, and experience, the Army noted the experience of Tracor's personnel, including technical publication experience on a similar aerial target contract. The Army also noted Tracor's experience with that contract and others in conjunction with the "understanding" subfactor. However, the experience was mentioned in the context of the evaluators' confidence in the proposed labor mix and technical approach, i.e., Tracor had successfully used the proposed mix and approach before. Thus, there is no evidence that Tracor's proposal's score for these subfactors was inflated as a result of improper multi-counting of a single listed evaluation factor.

# MEANINGFUL DISCUSSIONS

Teledyne next argues that the agency failed to provide it with meaningful discussions with regard to its experience and past performance risk. In this regard, Teledyne contends that the agency failed to identify as a disadvantage the protester's lack of specific experience with "self-propelled, free-flying" targets.

Agencies are required to conduct meaningful discussions with all competitive range offerors. Stone & Webster Eng'q Corp., B-255286.2, Apr. 12, 1994, 94-1 CPD ¶ 306. In order for discussions to be meaningful, contracting officials must advise offerors of deficiencies in their proposals and afford offerors an opportunity to revise their proposals to satisfy the government's requirements. Id. This does not mean that offerors are entitled to all-encompassing discussions. Agencies are only required to lead offerors into areas of their proposals that require amplification. Caldwell Consulting Assocs., B-242767; B-242767.2, June 5, 1991, 91-1 CPD ¶ 530. The degree of specificity required in conducting discussions is not constant and is primarily a matter for the procuring agency to determine. JCI Envtl. Servs., B-250752.3, Apr. 7, 1993, 93-1 CPD ¶ 299.

Here, during the conduct of discussions, the Army raised the issue of Teledyne's and its subcontractors' experience in some seven instances. For example, one discussion question asked how one of the subcontractor's wind-tunnel experience translated to the production of full-size airworthy aircraft such as the MQM-107E. In another, the Army asked Teledyne to provide evidence that it had the necessary relevant technical experience in airframe manufacturing to lead the production team. A thirl, issued in the third round of discussions, noted that the "proposal does not provide ample evidence to substantiate that the offeror or his team have a sufficient degree of recent and relevant technical experience and capability of airframe manufacturing and production." While these requests for correction of errors, omissions, and clarifications did not use the words "selfpropelled, free-flying . . . aerial targets," we believe they were sufficient to plac : the protester on notice of the agency's interest in the offeror's level of experience.

#### PAST PERFORMANCE ASSESSMENT

With regard to performance risk, Teledyne also challenges the Army's failure to provide it with an opportunity to rebut negative information the Army obtained from contracting officials on one of Teledyne's prior contracts. Performance risk was to be assessed on the basis of the offeror's performance record as it relates to cost, schedule, and performance. The RFP warned that a significant problem, or a lack of relevant data in any work element could become an important consideration in the evaluation and that the agency might use data obtained from government files or through interviews with government personnel familiar with the contractor and its past or current performance. Teledyne's proposal identified a contract which had been terminated for convenience and explained the circumstances surrounding the termination: schedule delays; failure of first article testing, because, in Teledyne's view, additional production engineering was necessary; and the need to replace an inadequate component

Teledyne also complains that the agency failed to consider its relevant experience in airframe manufacturing and production as well as related engineering services. From our review of the evaluation documents, it is evident that the evaluators took the experience of Teledyne and its subcontractors, including prior contract experience, into account based both on the initial and revised proposals submitted by Teledyne. However, the evaluators determined that the experience, while acceptable, was not extensive. While not all of Teledyne's scores were as high as Tracor's, we note that Teledyne received the same score ("good") as Tracor in 5 of the 10 technical subfactors.

originally proposed by Teledyne. While Teledyne stated that a government review panel "generally supported" its view that the contract requirements were deficient, Teledyne did not submit a copy of the panel's report with its proposal.

The Army contacted three contracting personnel familiar with the contract including the project director. In their opinion, Teledyne had not performed within the price awarded, had not met the schedule, and had not satisfied all the technical requirements. They noted that Teledyne had failed to pass the first article tests, but agreed that it had attempted to correct the problems. The project director observed that Teledyne appeared more interested in discrediting the requirements than in meeting them, and that a special action team had been formed "to no avail." During discussions, the Army did not advise Teledyne of the contracting personnel's input. The evaluators reviewed Teledyne's proposal and the contracting personnel's input and noted that Teledyne had met cost, schedule, and technical requirements in all but one reported instance. They rated the protester's past performance as "good."

Teledyne argues that it should have been provided an opportunity to rebut the contracting personnel's input, especially because the review panel findings supported Teledyne's view that its problems were due to deficient government requirements. We disagree. Ordinarily, a contracting agency is not required to seek an offeror's comments concerning past performance information which, as here, involves matters of historical information, not subject to change. See JCI Envtl. Servs., supra; Saturn Constr. Co., Inc., B-236209, Nov. 16, 1989, 89-2 CPD ¶ 467. Further, where, as here, the evaluators rated the proposal

<sup>&#</sup>x27;Teledyne argues that the project director's input was not trustworthy because she did not join the project until shortly before the contract was terminated. However, the Army observes that she had worked on the project for nearly 2 years since that time and was familiar with the project and its history. Her familiarity is evidenced by the consistency of her observations with those of the other contract personnel including the deputy project director. In short, the Army had a reasonable basis to rely on her input.

The situation is different where the solicitation states that the agency will provide offerors with the opportunity to respond to especially unfavorable contract performance information and the response, or lack thereof, will be taken into consideration by the agency. See, e.g., Daun-Ray Casuals, Inc., B-255217.3; B-255217.4, July 6, 1994, 94-2 CPD ¶ 42.

as acceptable in this area, there is no requirement that the matter be the subject of discussions. See Stone & Webster Eng'g Corp., supra. Teledyne had provided its explanation for its contract performance with its proposal and there is no evidence that the evaluators for its consider that explanation. Had Teledyne wanted to have the review panel's findings considered, it could have submitted them or offered to do so in its proposal. Accordingly, the agency's decision not to provide an opportunity for rebuttal does not mean that Teledyne was deprived of meaningful discussions.

Teledyne also contends that the agency disparately evaluated its past performance because the agency did not consider negative contract performance information about Tracor. Specifically, Teledyne notes that the agency had, but did not consider, information about a recent Tracor contract which indicated performance, schedule, and cost problems.

The information in question is contained in an Air Force contractor performance assessment report (CPAR). The CPAR provides an evaluation of eight areas including product/system performance, schedule, cost performance, product assurance, test and evaluation, and others. It contains color coded evaluations, narrative notes for each evaluation, and optional contractor responses to evaluation notes. Tracor received "yellow" rankings for schedule and cost performance, as well as system engineering and software development. A yellow (marginal) ranking indicates that performance meets contractual requirements, but that there is a serious problem for which corrective actions have not yet been identified, appear marginally effective, or have not yet been fully implemented.

While the agency had before it negative information on both offerors, we do not believe that the agency's failure to consider the information available for Tracor constituted unequal treatment. The agency's consideration of negative information about Teledyne was based on Teledyne's admission of performance problems under an uncompleted past contract, and the agency simply followed up by obtaining the government's views. Tracor's rankings, such as yellow ratings on the subfactors of system engineering and software development, indicate less than perfect performance. However, they concern an ongoing contract where issues such as completion cost and schedule delays are still open (and, indeed, where prior schedule delays have been substantially reduced). Overall, Tracor is meeting the requirements of this contract and received a green (satisfactory) rating for product/system performance under which the yellow ranked engineering and development subfactors are evaluated. While Teledyne asserts that it was treated unequally, the agency had, but did not consider against Teledyne, a CPAR dealing with one of Teledyne's ongoing contracts which contained

yellow ratings for schedule, cost performance, preduct assurance, and management responsiveness.

In any event, the failure to consider this information was not prejudicial to Teledyne. Past performance is one of three equally weighted evaluation factors which collectively are the least important of the evaluation factors. Teledyne's proposal received a score of "good" on this factor, while Tracor's received a score of "very good." Even if considered, in light of the substantial positive information on Tracor's past performance, this information could not have caused Tracor's score on this factor to be reduced below "good" (that is, equal to Teledyne's score). Since Tracor's overall technical score was otherwise higher than Teledyne's, we do not believe that a score of "good" on performance risk could have affected the award decision. the clear absence of prejudice, we will not disturb a contract award. American Mutual Protective Bureau, Inc., B-229967, Jan. 22, 1988, 88-1 CPD 5 65.

# TECHNICAL EVALUATION

Teledyne next contends that the Army failed to evaluate its subcontractors' manufacturing processes properly. Under the technical factor, proposals were evaluated on the basis of sufficiency and adequacy of the manufacturing processes and production methods of the offeror to ensure quality conformance and schedule compliance. In evaluating Teledyne's proposal, the evaluators rated it "good" with no advantages or disadvantages. They observed that Teledyne had identified the production/process flow for the program and exhibited production methods and controls to enhance a quality product, system integration, and schedule compliance. They then noted that aside from facilities descriptions, the subcontractors' capabilities and tooling requirements to manufacture various parts of the target were "not described in depth." Teledyne maintains that its initial proposal and revisions fully addressed these areas and thus, the evaluators' findings were inaccurate or reflected their failure to consider Teledyne's proposal. The Army states that it fully considered all of Teledyne's submissions and that the evaluation simply reflects the lack of detail in the protester's proposal.

Where an evaluation is challenged, we will examine the agency's evaluation to ensure that it was reasonable and consistent with the evaluation criteria and applicable statutes and regulations, since the relative merit of competing proposals is primarily a matter of administrative discretion. <u>Information Sys. & Networks Corp.</u>, 69 Comp. Gen. 284 (1990), 90-1 CPD © 203. Mere disagreement with the agency's evaluation does not itself render the evaluation

unreasonable. Litton Sys., Inc., B-237596.3, Aug. 6, 1990, 90-2 CPD ¶ 115. Based on our review of the proposals and the agency's evaluation, we find that the Army reasonably evaluated Teledyne's proposal.

Teledyne's original proposal provided details of its own manufacturing processes and described a subcontractor's manufacturing process for production of one component to be manufactured by that firm. Teledyne provided information on the experience and capabilities of its subcontractors, but did not provide details on the methods which they would employ to ensure that the work would be performed correctly and in accordance with the process specifications. In discussions, the Army requested substantiation of existing manufacturing processes and noted that apart from facility descriptions, the capabilities and tooling requirements to manufacture certain of the parts were not described in depth. In response, Teledyne submitted approximately 30 pages of material and photographs. In these, Teledyne listed the various processes, in abbreviated form, to produce the parts as well as experience references. attached a matrix to demonstrate the experience of various personnel to perform the processes. While this information may have demonstrated the existence of personnel experience and the general steps to be taken in production, it did not provide details of the methods to be used. Accordingly, the agency reasonably found that the proposal, as revised, lacked detail. Teledyne essentially argues that the evaluators were wrong in their evaluation of its proposal. Such disagreement with their opinions does not make the evaluation unreasonable. See ITT Fed. Servs. Corp., B-250096, Jan. 5, 1993, 93-1 CPD 4 6; Litton Sys., Inc., supra.

We also reviewed Tracor's proposal and evaluation. While its information on manufacturing processes (prime and subcontractor) was more detailed than Teledyne's, it too was downgraded for lack of detail on some of its subcontractor processes and received the same "good" rating for this evaluation subfactor. The two proposals thus appear to have been treated equally in this regard.

# SOURCE SELECTION

Finally, Teledyne contends that the Army's award determination was flawed because the SSA allegedly made his award decision solely on the basis of the offerors' experience, to the exclusion of the other evaluation criteria. Since experience was only a small part of the technical factor and that factor was only slightly more

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important than cost, Teledyne argues that the SSA failed to
adequately support his determination to award to Tracor at a
\$1.9 million higher cost.°

In a negotiated procurement, the government is not required to make award to the lowest-cost, technically acceptable offeror unless the RFP specifies that cost will be the determinative factor for award. General Servs. Enq'q, Inc., B-245458, Jan. 9, 1992, 92-1 CPD ¶ 44. Agency officials have broad discretion in determining the manner and extent to which they will make use of technical and cost evaluation results. Cost/technical tradeoffs may be made; the extent to which one may be sacrificed for the other is governed by the test of rationality and consistency with the established evaluation factors. Id. Where, as here, the RFP indicates that technical considerations are more important than cost considerations, selection of a technically superior, higher cost proposal is proper where the record shows that the cost premium was justified in light of the proposal's technical superiority. Dynamics Research Corp., B-240809, Dec. 10, 1990, 90-2 CPD ¶ 171. In this case, the record supports the contracting officer's decision to award to Tracor as the technically superior offeror, even though Tracor proposed a higher cost than Teledyne.

In reaching his decision to award the contract to Tracor, the SSA received a briefing by the evaluation committee on the evaluation, including the advantages and disadvantages of each proposal. The SSA considered the merits of the various proposals and the fact that the technical factor was slightly more important than cost, which was significantly more important than the remaining factors. The SSA first considered whether to award to the incumbent producer of the MQM-107E. While the incumbent's proposal was rated as "outstanding" in the areas of technical, management, and past performance, the SSA did not believe that this technical superiority was worth \$13 million more than an award to Tracor, which had the next highest technically rated proposal. He also rejected consideration of two other proposals with higher costs and lower technical ratings than Tracor. The SSA then weighed the differences between Tracor and Teledyne.

Under the technical factor, Tracor's proposal was rated "very good" while Teledyne's was rated "good." Tracor's proposal score was based in part on its "very good" score

Teledyne also argued that the various matters it alleged as evaluation errors were flaws in the cost/technical tradeoff as well. However, since we have found these alleged errors are without merit, they have no effect on the award determination.

for 5 of the 10 subfactors, while Teledyne's proposal was rated "good" on all technical subfactors. Under past performance, Tracor's proposal was rated "very good" with scores of "outstanding" and "very good" on the subfactors, while Teledyne's was rated "good" on this factor and all its subfactors. The two proposals were scored the same on the factors of management and schedule.

In making his determination, the SSA noted that Tracor had an advantage in its personnel's knowledge in target assembly and drone system integration from past programs. While both proposed good subcontractors for fabrication of airframe components, the SSA observed that Tracor's subcontractor had more relevant experience than did Teledyne's. Specifically, he noted that Teledyne's proposal lacked documented extensive experience by any of its team members in the manufacture of and associated engineering services for, self-propelled, free-flying, maneuvering aircraft of a scope comparable to the MQM-107E. In this regard, he highlighted Tracor's experience in full-scale airframe design, manufacturing, and production.

Overall, the SSA found that the evaluation indicated that Tracor's team of in-house personnel, resources, and subcontractor capabilities and support provided reasonable confidence that the government's requirements would be met. While the evaluation indicated that Teledyne also could meet the requirements, the SSA determined that Tracor's experience, coupled with its strong choice of subcontractors, represented a recognizable technical benefit over Teledyne. The SSA also found that Teledyne represented a higher quality risk for the government and that the increased confidence in Tracor clearly warranted the nearly \$2 million in additional expense.

While the selection decision focused on Tracor's greater experience, we do not agree that this means that the SSA's decision was unreasonable. As discussed above, experience was properly considered in various of the listed subfactors either as stated explicitly in the RFP (e.g., offeror's relevant experience and proposed subcontractors' experience), or reasonably related to other subfactors (e.g., engineering capabilities). In view of the relative closeness in technical ratings of the two proposals, experience reasonably became a discriminator between the offerors. Cf. Duke/Jones Hanford, Inc., B-249367.10, July 13, 1993, 93-2 CPD 9 26 (where proposals are essentially equal technically, cost can become the selection discriminator even though it was less important than the technical factors). As such, the SSA properly highlighted it in his selection decision; such highlighting does not

equate to a failure to consider other evaluation criteria. As outlined above, Tracor's proposal scored higher than Teledyne's in 5 of the 10 technical subfactors and in the past performance factor.

It is plain that the evaluation itself did not focus exclusively on experience and that the SSA considered the evaluations and the relative value of the evaluation factors in making his decision. Further, while Teledyne emphasizes that technical considerations are only slightly more important than cost, we do not agree that payment of the cost premium associated with Tracor's proposal (less than \$2 million in a contract worth more than \$42 million) is inconsistent with the relative weights of these factors. Likewise, while Teledyne apparently believes that the SSA should have provided more detail to explain his cost/technical tradeoff, the record supports the SSA's determination that Tracor's proposal represented the best value to the government. See General Servs, Eng'q, Inc., supra; McShade Gov't Contracting Servs., B-232977, Feb. 6, 1989, 89-1 CPD ¶ 118. In sum, given the documented technical superiority of Tracor's proposal and the relatively small cost premium involved, we have no basis to question the reasonableness of the SSA's determination that Tracor's proposal offered the best value to the government.

The protest is denied.

Robert P. Murphy

Acting General Counsel

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